

**MINUTES OF JULY 13, 2012 RETIREMENT BOARD  
CITY OF ALEXANDRIA FIREFIGHTERS AND POLICE OFFICERS  
PENSION PLAN  
SPECIAL MEETING**

**PRESENT**

<u>Members</u>	<u>Others</u>
Michael Cross <sup>3, 5, 6, 7</sup>	Steven Bland, CFA, CAIA, MS, Retirement Administrator
Michele Evans <sup>1, 2</sup>	Barry Bryant, Dahab Associates
Patrick Evans <sup>1, 8</sup>	Arthur Lynch, Retirement Specialist
Bruce Johnson <sup>5</sup>	Theresa Nugent, Communications Spec.
Shirl Mammarella <sup>3, 4, 8</sup>	
Ed Milner <sup>1, 2, 6, 8</sup>	
Morgan Routt <sup>4, 6</sup>	
Al Tierney <sup>7</sup>	
Laura Triggs <sup>4, 6</sup>	

Absent: Tom Gates, Michael Wimer

<sup>1</sup> PLOP/DROP Committee

<sup>2</sup> Purchase of Service Credit Committee

<sup>3</sup> Technical Corrections Committee

<sup>4</sup> Training Opportunities Committee

<sup>5</sup> Vendor & Service Provider

<sup>6</sup> Adjustment Mechanism

<sup>7</sup> Term ends 2016

<sup>8</sup> Term ends 2014

**CALL TO ORDER**

The meeting was called to order at 8:38 AM.

Ms. Triggs made a motion to:

Approve the minutes of both the June 27, 2012 and June 28, 2012 meetings.
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Ms. Mammarella seconded the motion.

**FOLLOW UP ON FIXED INCOME**

**FOLLOW UP ON ABSOLUTE RETURN FUNDS**

These topics were covered concurrently. Staff thanked Mr. Bryant for helping make the June 28, 2012 Board retreat a success. Staff said the fixed income and absolute return fund presentations were successful, but there was no mention of specific follow up tasks.

Staff added that the presenter originally slated to speak on fixed income was going to cover a broad variety of topics, essentially everything except mandates benchmarked to the Barclay's Aggregate. That speaker canceled and the replacement, while very good, spoke only on global fixed income. There are remaining domestic mandates that were not covered.

The Board did not have any assignments or follow up tasks for Mr. Bryant or for staff.

## **FARMLAND**

Ms. Evans arrived at 8:43 AM.

Staff provided a timeline. Farmland was discussed in 2011. A RFP was performed and at a meeting of finalists in February 2012 and all three managers were considered viable. Ultimately Hancock was selected prior to the March close. The Partnership closing date was then moved from March until June 2012. Recently the closing was moved from June until December, 2012. In each case the reason for deferring the close was that insufficient funds had been raised. This second deferring of the close date effectively terminated the contract.

Mr. Tierney arrived at 8:48 AM.

An inadequate fund size leads to improper diversification and higher costs.

Staff reported three options:

- 1) Resign with Hancock today. Staff recommends against this.
- 2) Evaluate the funds status in November and sign if significantly more assets are committed. This is one recommended course of action.
- 3) Consider participating in a limited partnership with another vendor. This is another recommended course of action.

Mr. Milner made a motion to:

Place on the September 13 Due Diligence meeting agenda a review of options for the plan's farmland commitment.

Ms. Mammarella seconded the motion.

Discussion: Staff asked Mr. Bryant if this provided sufficient time for review. Mr. Bryant confirmed that it is sufficient.

## **COMMITTEE REPORTS**

There were no committee reports.

## **ADMINISTRATOR'S REPORT**

Staff referenced the monthly investment & rebalancing report, handouts 6 a, and 6 b. Staff said the next rebalancing was likely to be moving funds from midcap.

Staff referenced handout 6 c, the Cash Flow report. Of note was the \$3.3 million called by Hancock timber in eight weeks from May through July. This would likely make the plan cash flow negative for the year. However, all things being equal, it is expected to be cash flow positive next year.

Staff generalized from the comments that the Hancock partnership is maturing to more general comments about tracking all of the fund's partnerships and the need to keep actual allocations close to their targets. Staff will work with Chairman Cross, Ms. Triggs, and Mr. Bryant to develop a strategic plan. The aim is to bring a recommendation to the September meeting.

## **FOLLOW UP ON RFP for THIRD PARTY ADMINSTRATOR**

Ms. Triggs made a motion to:

Enter executive Session.
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Mr. Milner seconded the motion.

The motion passed (8-0). The Board entered executive session at 8:50.

The Board exited Executive session at 11:35 AM.

Ms. Triggs made a motion to:

Mister Chairman, I move that the Board adopt the following resolution:
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<p>WHEREAS, the Alexandria City Fire Fighters and Police Pension Plan Board has this 13th day of July, 2012, recessed into closed executive session pursuant to a motion made and adopted in accordance with the Virginia Freedom of Information Act; and</p>
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<p>WHEREAS, § 2.2-3712 of the Code of Virginia requires a certification by the Board that such closed executive session was conducted in accordance with Virginia law;</p>
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<p>NOW, THEREFORE, BE IT RESOLVED that the Board does hereby certify that, to the best of each member's knowledge, only public business matters that were identified in the motion by which the closed executive session was convened, and that are lawfully exempted by the Freedom of Information Act from the Act's open meeting requirements, were heard, discussed or considered by the board during the closed executive session.</p>
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Mr. Milner seconded the motion.

Mr. Milner made a motion that the:

Board act on the ICMARC proposal while directing Mr. Bryant to seek alternative fee arrangements that would have a tiered fee schedule with fees declining as a percentage of incremental assets and still provide ICMARC with their required revenue. Also, the contract should be for a two year term with a three year renewal period subject to meeting goals: 1) improving the website, and 2) demonstrating increased diversification and addressing the overreliance on the stable value fund.

Ms. Triggs seconded the motion.

Discussion: We should verify that in signing the new contract the old contract is nullified – meaning any limits, penalties, restrictions, etc. from the old contract.

The motion passed (8-0).

## **OLD BUSINESS**

There was no old business.

## **NEW BUSINESS**

Mr. Wimer resigned from the Board. The plan document calls for 30 days- notice. The resignation becomes effective in early August, well before the next scheduled meeting.

Mr. Evans will serve as alternate and will fill the role of trustee until an election can be completed. In the event Mr. Evans wins the election to fill Mr. Wimer's position, there would be a vacancy and need for another election to fill Mr. Evan's seat. Staff seeks an alternative to two special elections to fill one vacancy. Staff will meet with Mr. Evans and Mr. Cross and hopefully bring a recommendation to the September meeting.

Staff mentioned that there was a good article on fixed income. It is handout 2.

## **NEXT MEETING**

The next meeting is September 13, 2012.

## **ADJOURNMENT**

There was a motion by Ms. Triggs to:

Adjourn.

Mr. Evans seconded the motion. The motion passed unanimously (7-0). The meeting adjourned at 11:45 AM

Handouts distributed prior to the meeting

1. Agenda

Handouts distributed during the meeting

1. Minutes of June 27, 2012 Meeting 1 (a)
2. Minutes of June 28, 2012 Meeting 1 (b)
3. Best Bond Funds, Barron's magazine 2
4. Monthly Investment & Rebalancing Report – Pension 6 (a)
5. Monthly Investment & Rebalancing Report – Disability 6 (b)
6. Cash Flow Report Parts 1 & 2 - 6 (c)
7. TPA Follow up Questions ICMARC Defined Contribution/Deferred Compensation 7 (a)
8. Guided Pathways – screen print from ICMARC Website 7 (a) (1)
9. Sample Quarterly Financial Report, ICMARC (detail for an account with Self Directed Brokerage Account)